



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

DOLMEN CITY REIT

BUILDING
ON SUCCESS

Quarterly Report for the period
ended 30th September 2016

About REITs

A Real Estate Investment Trust (REIT) is an entity that owns or finances income-producing real estate. REITs are like mutual funds. REITs provide investors of all types with regular income streams, diversification, and long-term capital appreciation. REITs allow individuals to invest in real-estate properties in a similar way to purchasing a stock of a company and owning shares. A REIT combines a pool of money from individuals and institutions to buy real estate. The Unit holders of a REIT Scheme earn a share of the income produced through renting or selling of the real estate property without actually having to bear the hassle of buying or managing the property.

REITs in Pakistan

REIT Regulatory Framework in Pakistan was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, which was subsequently repealed and replaced by REIT Regulations 2015. These regulations are comprehensive with the principal focus on the protection of interests of general investors in a REIT Scheme. In Pakistan "REIT Scheme" means a listed closed-end fund registered under Real Estate Investment Trust Regulations 2015. The three types of REIT schemes introduced by SECP in Pakistan are:

Developmental REIT: A Developmental REIT Scheme invests in real estate to develop it for Industrial, Commercial or Residential purposes through construction or refurbishment.

Rental REIT: A Rental REIT Scheme invests in commercial or residential Real Estate to generate rental income.

Hybrid REIT: REIT Scheme having both; a portfolio of buildings for rent, and a property for development.



Table of Contents

02

Scheme's
Information

04

Management
Company's
Statements

06

Directors'
Review
Report

09

Trustee
Report

10	Condensed Interim Financial Information for the three months period ended 30 th September 2016
12	Condensed Interim Balance Sheet
13	Condensed Interim Profit Loss Account (Unaudited)
14	Condensed Interim Statement of Comprehensive Income (Unaudited)
15	Condensed Interim Cash Flow Statement (Unaudited)
16	Condensed Interim Statement of Changes in Unite Holders' Fund (Unaudited)

Scheme's Information

Management Company	Arif Habib Dolmen REIT Management Limited Arif Habib Centre, 23 M.T.Khan Road, Karachi	
Board of Directors	Mr. Nasim Beg Mr. Nadeem Riaz Mr. Asadullah Khawaja Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Faisal Nadeem Mr. Muhammad Ejaz	Chairman Director Independent Director Independent Director Director Director Chief Executive Officer
Audit Committee	Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Asadullah Khawaja	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Nadeem Riaz Mr. Abdus Samad A. Habib Mr. Muhammad Ejaz	Chairman Member Member
Company Secretary	Mr. Manzoor Raza	
Chief Financial Officer	Mr. Mohsin Madni	
Trustee/Share Registrar	Central Depository Company of Pakistan Limited CDC House, 99-B, SMCHS Main Shahrah-e-Faisal, Karachi.	
Bankers	Askari Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited United Bank Limited Allied Bank Limited Bank Alfalah Limited	
External Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
Internal Auditors	Junaldy Shoalb Asad & Co. Chartered Accountants 1/6-P, PE.C.H.S., Mohtrama Laeeq Begum Road, Off Shahrah-e-Faisal, Karachi	
Legal Advisor	Mohsin Tayebaly & Co. Corporate Legal Consultants 1st Floor, Dime Centre, BC-4 Block 9, Kehkashan, Clifton, Karachi.	
Property Manager	Dolmen Real Estate Management (Private) Limited	
Property Valuer	National Engineering Services Pakistan (Pvt.) Ltd "NESPAK"	
Shariah Advisor	Mufti Muhammad Ibrahim Essa	
Rating Agency	JCR-VIS Credit Rating Co. Ltd. VIS House, 128/C, 25th Lane Off Khayaban-e-Ittehad, Phase VII, DHA, Karachi	
Rating	RMC Rating: AM2 (RMC) REIT Rating: RR1	
Registered Office	Dolmen City REIT Scheme Arif Habib Centre, 23 M.T.Khan Road, Karachi.	



Management Company's Statements

Vision

To be a knowledge based Real Estate Investment Company which adheres to the highest standards of Integrity, Professionalism and Quality to generate sustainable returns for all stakeholders.

Mission

To build upon our competitive advantage of being the first REIT management company of Pakistan by providing customer-centric full scale real estate investment related solutions to a selected group of clientele.

We endeavor to provide solutions that not only contribute to the financial bottom-line for our customers but also help them create a distinct strategic advantage.

Values

Responsibility
Energy
Integrity
Teamwork





Directors' Review Report

Dear Unitholders of Dolmen City REIT

On behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited, I am pleased to present the Directors' Review report of Dolmen City REIT (DCR), the Scheme, for the three months period ended 30 September 2016.





Operational Performance during the Period under Review

During the period under review, DCR recorded a rental income of PKR 684.028 million showing an increase of 15.27% over the previous year's corresponding period's PKR 593.403 million. Marketing income was recorded at PKR 40.869 million against PKR 43.936 million during the previous corresponding period. Administrative and operating expenses during the period were 12.17% of rental income at

PKR 83.252 million. Net Operating Income for the period was recorded at PKR 641.645 million as compared to PKR 574.827 million during the corresponding period last year. Profit for the period was recorded at PKR 647.018 million, growing by 17.52%, from PKR 550.545 million in the comparative period; DCR is pass through entity for tax purposes and not liable to income tax provided it meets certain conditions. The profit translates into earnings of PKR 0.29 per unit against PKR 0.25 per unit during the corresponding period last year.

Occupancy level of the properties remains unchanged from 30 June 2016 at a level of 98.38%. However, an insignificant change of 43 square feet was recorded in the leased area, a result of incoming and outgoing tenants. During the period under review, the Oxford University Press has become a part of the tenancy pool occupying 2,108 square feet area in the Mall, while Nine West has withdrawn from the pool vacating 2,151 square feet of space. The current status of occupancy is as follows:

	Leasable Area	Leased Area September, 2016	Vacant Area	Occupancy %
	(In square feet)			
Dolmen Mall Clifton	554,518	548,559	5,959	98.93%
The Harbour Front	257,161	249,961	7,200	97.20%
Total	811,679	798,520	13,159	98.38%

Changes in leased area on a quarter on quarter basis, are as follows:

	Leased Area September, 2016	Leased Area June, 2016	Occupancy Variations	Occupancy Variations %
	(In square feet)			
Dolmen Mall Clifton	548,559	548,602	(43)	(0.01%)
The Harbour Front	249,961	249,961	-	0.00%
Total	798,520	798,563	(43)	(0.01%)

The first quarter celebrated two major events at the Dolmen Mall; Back to School coupled with the Harry Potter Book Launch and the Independence Day Celebrations.

Back to School & Harry Potter Book Launch: The event was held from 29th to 31st July, 2016, during which Dolmen Mall was thematically adorned to echo Back to School feelings. Numerous activities were arranged to engage parents and children including back to school photo-ops and a bazaar selling school stationary, supplies and other essentials.



Associating the launch of the latest addition to the Harry Potter series, The Cursed Child by J.K Rowling, Jack Thorne and John Tiffany, to the back to school fever; Liberty Books added their own flavour to the mix and created an event for the book launch. Over 5,000 visitors registered at our counters stating they had come to Dolmen Mall Clifton for the book launch and appreciated how we linked our Back to School campaign with it.



The book launch became the biggest Harry Potter party in Pakistan, translating into a footfall of 107,772 over that weekend.

Independence Day Celebration: Dolmen Mall's Independence Day celebrations continued for three days and included a host of fun-filled activities for the whole family. The festivities featured discounts, live mural, engagement of bloggers across various platforms including Facebook, Instagram and Snapchat, brand activations by leading brands such as Chai Shai, Object, Knorr; Creative Installations, Azaadi Bazaar and more.



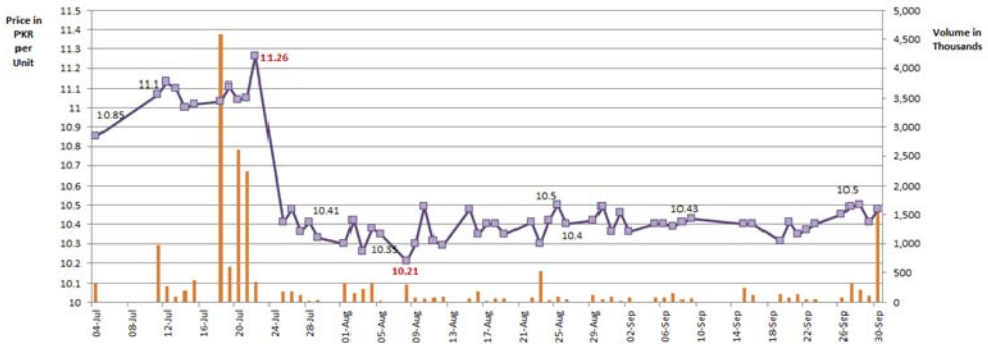
People from all over Karachi look forward to the celebrations at Dolmen Mall and view it as the go-to spot for family outings on the evening of 13th August and the Independence Day. The theme for this year was "Dolmen Loves Pakistan" and the goal was to integrate the theme into all marketing collateral, activities, communication and décor. The foot fall on Independence Day was recorded at 44,884.

Stock Performance

During the quarter ended on 30 September 2016, DCR traded at an average unit price of PKR 10.52 and touched a high of PKR 11.26 and a low of PKR 10.21 per unit.

The Net Asset Value 'NAV' per Unit of DCR is PKR 17.36 at 30 September 2016. DCR on its closing Unit price as of 30 September 2016 traded at a discount of 39.6% to its NAV. Although, the stock market remained volatile during the period under review, DCR's stock remained fairly stable.

Stock Market performance of DCR Unit
July 2016 to September 2016



Acknowledgement

We are grateful to DCR's valued investors, the Securities & Exchange Commission of Pakistan, the Management of Pakistan Stock Exchange Limited, the Trustees of DCR, the Property Manager and Business Partners for their continued cooperation and support. We also appreciate the effort put in by the management team.

For and on behalf of the Board

Muhammad Ejaz
Chief Executive
Karachi
31 October 2016



TRUSTEE REPORT TO THE UNIT HOLDERS DOLMEN CITY REIT

Report of the Trustee pursuant to Regulation 15(1)(xiv) of the Real Estate Investment Trust Regulations, 2015.

We Central Depository Company of Pakistan Limited, being the Trustee of Dolmen City REIT (the Fund) are of the opinion that Arif Habib Dolmen REIT Management Limited, being the Management Company of the Fund has in all material respects complied with the requirements of the Real Estate Investment Trust Regulations, 2015 during the quarter ended September 30, 2016.

For the purpose of information, we would like to draw the attention of unit holders towards the fact that value of property has been carried forward since June 30, 2016 based on six monthly valuation as per the requirement of REIT Regulations, 2015 and the Accounting Policy of the Fund. The audited financial statements for the year ended June 30, 2016 within the note 4.1 completely explained the valuation of property being done in the light of REIT Regulations, 2015. Moreover, the Auditors of the Fund while referring to aforesaid Note 4.1 have included an emphasis of matter paragraph in their Audit Report.

-sd-

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan
Limited

Karachi: October 28, 2016



Condensed Interim Financial Information for the
three months period ended 30th September 2016



DOLMEN CITY REIT

A SHARIAH COMPLIANT, LISTED, CLOSED END
RENTAL REIT SCHEME

Condensed Interim Balance Sheet

As at 30th September 2016

	Note	(Unaudited) September 2016	(Audited) June 2016
(Rupees in '000)			
ASSETS			
Non-current assets			
Total non current assets - Investment property	6	37,658,988	37,658,988
Current assets			
Rent receivables		119,429	85,355
Advances, prepayments and other receivables	7	274,300	256,395
Profit accrued		1,429	58,317
Investments		-	700,000
Bank balances	8	1,175,730	2,126,862
Total current assets		1,570,888	3,226,929
Total assets		39,229,876	40,885,917
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Reserves:			
- Premium on issue of units		281,346	281,346
- Unappropriated profit		16,077,060	17,742,680
Total unit holders' fund		38,595,406	40,261,026
Liabilities			
Non - current liabilities			
Formation costs payable to REIT management company		105,255	160,171
Security deposits		141,119	137,559
Total non - current liabilities		246,374	297,730
Current liabilities			
Payable to REIT management company	9	99,477	77,725
Security deposits		50,029	46,709
Accrued expenses and other liabilities	10	238,590	202,727
Total current liabilities		388,096	327,161
Total unit holders' fund and liabilities		39,229,876	40,885,917
(Rupees)			
Net assets value per unit		17.36	18.11

CONTINGENCIES AND COMMITMENTS

11

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

Condensed Interim Profit and Loss Account (Unaudited)

For the three months period ended 30th September 2016

	Note	September 2016	September 2015
(Rupees in '000)			
Income			
Rental income		684,028	593,403
Marketing income		40,869	43,936
		724,897	637,339
Administrative and operating expenses	12	(83,252)	(62,512)
Net operating income		641,645	574,827
Other income	13	30,749	12,814
		672,394	587,641
Management fee		(19,249)	(17,633)
Sindh Sales Tax on management fee		(2,502)	(2,468)
Federal Excise Duty on management fee		-	(2,821)
Trustee fee		(3,208)	(2,938)
Sindh Sales Tax on trustee fee		(417)	-
Provision for Workers' Welfare Fund		-	(11,236)
		(25,376)	(37,096)
Profit before taxation		647,018	550,545
Taxation	14	-	-
Profit after taxation		647,018	550,545
(Rupees)			
Earning per unit - Distributable income		0.29	0.25
Earning per unit - Undistributable unrealized fair value gains		-	-
Earnings per unit - basic and diluted	16	0.29	0.25

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

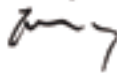
For the three months period ended 30th September 2016

	September 2016	September 2015
	(Rupees in '000)	
Profit for the period	647,018	550,545
Other comprehensive income	-	-
Total comprehensive income for the period	647,018	550,545

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement (Unaudited)

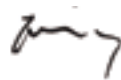
For the three months period ended 30th September 2016

	September 2016	September 2015
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	647,018	550,545
Adjustments for:		
Profit on bank deposits	(11,635)	(9,466)
Profit on term deposit receipts	(19,114)	(3,348)
Working capital changes	616,269	537,731
Increase in current assets		
- Rent receivables	(34,074)	(138,222)
- Advances and other receivables	(17,304)	(18,669)
Increase in current liabilities		
- Payable to the REIT management company	21,752	20,945
- Security deposits	-	8,986
- Accrued expenses and other payables	35,863	79,150
Cash generated from operations	622,506	489,921
Taxes paid	(601)	(82,935)
Formation costs paid - (net)	(54,916)	-
Security deposits received	6,880	(978)
Net cash flow from operations	573,869	406,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit received on bank deposits	87,637	5,384
Investments in term deposit receipts matured	700,000	-
Net cash generated from investing activities	787,637	5,384
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in financing activities - Dividend paid	(2,312,638)	-
Net (decrease) / increase in cash and cash equivalents during the period	(951,132)	411,392
Cash and cash equivalents at beginning of the period	2,126,862	912,718
Cash and cash equivalents at end of the period	1,175,730	1,324,110

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

Condensed Interim Statement of Changes in Unit Holders' Fund (Unaudited)

For the three months period ended 30th September 2016

	Issued, subscribed and paid up units	Reserves		Sub total	Unit holders' fund
		Premium on issue of units	Unappropriated profit		
(Rupees in '000)					
Balance as at 30 June 2015	22,237,000	281,346	169,977	451,323	22,688,323
Transaction with owners					
Cash dividend for the period ended 30 June 2015 (Re. 0.07642 per unit)	-	-	(169,935)	(169,935)	(169,935)
Total comprehensive income for the period					
Profit for the period	-	-	550,545	550,545	550,545
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	550,545	550,545	550,545
Balance as at 30 September 2015	22,237,000	281,346	550,587	831,933	23,068,933
Balance as at 30 June 2016	22,237,000	281,346	17,742,680	18,024,026	40,261,026
Transaction with owners					
Cash dividend for the year ended 30 June 2016 (Rs.1.04 per unit)	-	-	(2,312,638)	(2,312,638)	(2,312,638)
Total comprehensive income for the period					
Profit for the period	-	-	647,018	647,018	647,018
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	647,018	647,018	647,018
Balance as at 30 September 2016	22,237,000	281,346	16,077,060	16,358,406	38,595,406

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dolmen City REIT (the Scheme) was established under Trust Deed, dated 20 January 2015, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the the Real Estate Investment Trust Regulations, 2015 (REIT Regulations 2015), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (the SECP).

The Trust Deed of the Scheme was registered on 20 January 2015 whereas approval of the registration of the REIT Scheme has been granted by the SECP on 29 May 2015. The Scheme is a Perpetual, Closed-end, Shariah Compliant, Rental REIT. The Scheme is listed on Pakistan Stock Exchange Limited. The Scheme is rated "RR1" by JCR-VIS Credit Rating Company Limited. The registered office of the REIT Management Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

- 1.2 The Scheme is the subsidiary of International Complex Projects Limited (the ICPL). As on 30 September 2016, ICPL directly holds 70 percent units of the Scheme. The Scheme started its commercial activities on 01 June 2015 from which it was entitled to receive rent as agreed with ICPL.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, REIT Regulation 2015 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, REIT Regulation 2015 or the directives issued by the SECP shall prevail.

This condensed interim financial information does not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements of the Scheme as at and for the year ended 30 June 2016.

2.2 Basis of measurement

This condensed interim financial information have been prepared on the basis of 'historical cost convention' unless otherwise disclosed in this condensed interim financial information.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the Scheme's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2016.

3.1 Amendments and interpretation to approved accounting standards effective during the period

Certain amendments and interpretations to approved accounting standards became effective during the period which were not relevant to the Scheme's operation and did not have any significant impact on the accounting policies of the Scheme.

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from estimates.

The significant judgments made by RMC in applying the Scheme's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Scheme as at and for the year ended 30 June 2016.

5 RISK MANAGEMENT

The Scheme's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements as at and for the year ended 30 June 2016.

6 INVESTMENT PROPERTY

	Note	Unaudited September 2016 (Rupees in '000)	Audited June 2016
Carrying amount at beginning of the period		37,658,988	22,237,000
Add: Change in fair value - unrealised	6.1	-	15,421,988
Carrying amount at end of the period		<u>37,658,988</u>	<u>37,658,988</u>

- 6.1 The valuation of investment property has been carried out by National Engineering Services Pakistan (Private) Limited, independent valuer ('NESPAK' or 'the Valuer') as at 30 June 2016 and as at 31 December 2015 which are summarised as below. The Valuer used all prescribed approaches to value the investment property.

	30 June 2016 (Rupees in million)	31 December 2015
Cost approach	18,540	18,161
Sales comparison approach	51,946	51,946
Income capitalization approach		
(a) Valuer's assessment of rental income – using 7% capitalisation rate	47,520	45,360
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area – using 7% capitalization rate	37,659	34,183

At the time of acquisition of investment property, the valuation of Rs. 22,000 million based on 10 percent capitalization rate on the projected Net Operating Income (NOI) was agreed. The acquisition costs (transaction value) and the Fair Value method as stated above were approved as part of the Business Plan and Offering Document by the Securities and Exchange Commission of Pakistan (SECP) on which the Scheme fund size was based. Further, SECP through its letter no. SEC/NBFC/DC/75/2015/105 dated 18 December 2015 allowed to use 10 percent capitalization rate on the projected NOI for the Dolmen City REIT real estate valuation, as already used in the Business Plan and disclosed in the Offering Document Resultantly, fair value gain of Rs. 1,691 million for the six months period ended 31 December 2015 was recognized.

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

The clause 7 (c) of Schedule VI to the REIT Regulations, 2015, states that the Valuer shall provide an explanation of the relative strengths and weaknesses of various approaches and explicitly state the approach that is most appropriate for the REIT Scheme. NESPAK in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "Income Capitalization Approach" is generally based on the principle that the value of property reflects the quality and quantity of the income it is expected to generate over time. It is the most typical approach used for income producing properties i.e. rental properties. However, as stated above, NESPAK has determined two values under Income Capitalization Approach and has not explicitly stated the approach that is more appropriate to the Scheme.

The Management had requested the SECP to allow use of valuation of property based on existing rental agreements for the purpose of financial reporting (as was done at the time of the launch of the Scheme). The SECP through letter no. SCD/PRDD/REIT/AHDRML/32/2016 dated 22 September 2016 has advised the management to decide value considering objectivity and utility of the valuation under guidance available in the REIT Regulations, 2015.

The Management believes that, based on objectivity and utility, the valuation based on existing rental agreements is more appropriate and relevant to the unit holders of the Scheme as it was used at the time of acquisition of investment property and also used as at 31 December 2015 and that they have been allowed by SECP through letter dated 22 September 2016 (as stated above) to decide to use this valuation for Financial Reporting Purposes for the year ended 30 June 2016. Accordingly, the Management has decided to carry value of Investment Property in the financial statements for the year ended 30 June 2016 and in this financial information on the value determined by the independent valuer under Income capitalization approach based on existing rental agreements and expected rent for the vacant area.

The fair value measurement for the investment property has been categorised as Level 3 fair value measurements which is considered as highest and best use of investment property.

Significant unobservable inputs

	Sensitivity	
	Change in input	Effect on fair value (Rupees in '000)
- Present revenue (based on existing leasing contracts)	+ 5%	2,119,070
- Present operating costs (based on projected costs)	+ 5%	(236,120)
- Capitalization rate	+ 1%	(4,707,373)
- Capitalization rate	- 1%	6,276,498
	Unaudited September 2016	Audited June 2016
Note	(Rupees in '000)	

7 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Unsecured - Considered good

Receivable from ICPL	2,908	2,908
Security deposit	481	469
Prepayments	17,696	404
Advance tax	253,215	252,614
	274,300	256,395

8 BANK BALANCES

Term deposit receipts	8.1	748,102	1,842,859
Saving accounts	8.2	425,392	281,767
Current account		2,236	2,236
		1,175,730	2,126,862

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

- 8.1** These represents term deposit receipts with Islamic bank and these carry expected profit rate of 6.50% (30 June 2016: 5.63 % to 6.35%) per annum with maturity of three months.
- 8.2** This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.49% to 5.25% (30 June 2016: 2.00% to 6.35%) per annum.

	Note	Unaudited September 2016 (Rupees in '000)	Audited June 2016
9 PAYABLE TO REIT MANAGEMENT COMPANY			
Management fee payable	9.1	37,733	18,484
Sindh Sales Tax		6,828	4,325
		<u>44,561</u>	<u>22,809</u>
Current portion of formation costs		54,916	54,916
		<u>99,477</u>	<u>77,725</u>

- 9.1** Under the provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding three percent of NOI of the Scheme. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax at the rate of 13% (30 June 2016: 14%) on the remuneration of RMC through Sindh Sales Tax on Service Act 2011, effective from 1 July 2014.

	Note	Unaudited September 2016 (Rupees in '000)	Audited June 2016
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Trustee remuneration		16,845	13,219
Provision for government levies		2,111	5,558
Monitoring fee payable to SECP		27,796	22,237
Payable to associated undertakings		19,761	20,024
Unearned rental income		67,242	74,201
Sales tax and withholding income tax		43,665	33,158
Provision for Workers' Welfare Fund	10.1	3,469	3,469
Charity payable		2,236	2,236
Federal Excise Duty	10.2	11,980	11,980
Takaful (insurance) fee		-	2,917
Accrued expenses and other liabilities		13,189	12,830
Unclaimed dividend		30,296	898
		<u>238,590</u>	<u>202,727</u>

- 10.1** There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in the financial statements of the Scheme for the year ended 30 June 2016.
- 10.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the RMC has been applied. The RMC is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act, 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the SHC, as directed, will have effect in the manner prescribed in the judgment. The SHC in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

The Sindh Revenue Board and the Federal Board of Revenue have filed appeals before Supreme Court of Pakistan (SCP) against the SHC's decision dated 2 June 2016 and it is probable that the appeal in respect of the SHC's decision dated 16 July 2016 would also be made before SCP. Therefore, as a matter of abundant caution, without prejudice to the above, an accumulated provision of Rs. 11.980 million recorded till 30 June 2016 has been maintained. With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by Finance Act, 2016. Therefore, no provision has been recognized in this condensed interim financial information for the period ended 30 September 2016.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 September 2016.

	Three Months Period Ended	
	September 2016	September 2015
	(Rupees in '000)	
12 ADMINISTRATIVE AND OPERATING EXPENSES		
Monitoring fee	5,559	5,559
Property management fee	44,402	36,664
Ancillary income collection fee	6,207	4,779
Common area maintainance charges	1,645	2,851
Legal and professional charges	2,604	1,230
Utility expenses	170	130
Marketing expenses	8,581	-
Takaful (insurance) fee	4,321	8,498
Property tax	737	1,288
Auditors' remuneration	607	125
Renovation expense	6,512	-
Others	1,907	1,388
	<u>83,252</u>	<u>62,512</u>
13 OTHER INCOME		
Profit on bank deposits	11,635	9,466
Profit on Term Deposit Receipts	19,114	3,348
	<u>30,749</u>	<u>12,814</u>

14 TAXATION

The Scheme's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised, or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

The Board of Directors of the RMC intends to distribute sufficient income distribution for the year ending 30 June 2017 to avail the exemption. Accordingly, no provision for tax has been recognized in this condensed interim financial information for the period ended 30 September 2016.

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include Arif Habib Dolmen REIT Management Limited being the Management Company, Central Depository Company of Pakistan Limited, being the Trustee to the Scheme, National Engineering Services Pakistan (Private) Limited being valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private.) Limited, being property manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC.

The services provided under REIT Regulations or the trust deed or offering document, by the RMC, Trustee, Valuer, Property Manager shall not be deemed related party transaction.

Transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with commercial rates.

There are no potential conflicts of interest of the related party with respect to the Scheme.

Details of the transactions with related parties and balances with them, if not disclosed elsewhere in this condensed interim financial information are as follows:

15.1 Transactions during the period:

	Three Months Period Ended	
	September 2016	September 2015
	(Rupees in '000)	
International Complex Projects Limited		
- Rental income	9,385	8,531
Dolmen Real Estate Management (Private) Limited - Property Manager		
- Common area maintenance charges	1,645	2,851
Retail Avenue (Pakistan) Limited		
- Retail income	1,808	1,643
Sindbad Wonderland (Pakistan) Limited		
- Retail income	5,961	5,419

Notes to the Condensed Interim Financial information (Unaudited)

For the three months period ended 30th September 2016

15.2 Amounts outstanding as at period end

	Note	Unaudited September 2016 (Rupees in '000)	Audited June 2016
International Complex Projects Limited			
- Receivable in respect of security deposits of tenants		2,908	2,908
- Rent receivable		171	341
- Net payable in respect of purchase consideration of investment property		1,819	1,819
Dolmen Real Estate Management (Private) Limited - Property Manager			
- Common area maintenance charges		-	331
Retail Avenue (Pakistan) Limited			
- Rent Receivable		1,873	613
Sindbad Wonderland (Pakistan) Limited			
- Rent Receivable		466	466

16 EARNINGS PER UNIT - BASIC AND DILUTED

Profit after taxation		647,018	550,545
Number of units			
Weighted average number of ordinary units during the period		2,223,700,000	2,223,700,000
(Rupees)			
Earnings per unit - Basic and diluted	16.1	0.29	0.25
16.1 Earning per unit comprise as follows:			
Distributable income - earning per unit		0.29	0.25
Undistributable unrealized fair value gains - earning per unit	16.1.1	-	-
		0.29	0.25

16.1.1 Under the provision of Trust Deed, the amount available for distribution shall be total of income and realised gain net off expenses. Accordingly, unrealised fair value gain is not distributable.

17 FAIR VALUES

The fair values of all the financial assets and liabilities at the reporting period approximate to their carrying value. Fair value of the investment property is shown under note 6.1 to this condensed interim financial information.

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue on 31 October 2016 by the Board of Directors of the RMC.


Chief Executive Officer


Director



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

Arif Habib Centre,
23, M.T. Khan Road, Karachi-74000
TEL: (92-21) 32468102
FAX No: (92-21) 32466824
E-MAIL: reit@arifhabibdolmenreit.com
Website: www.arifhabibdolmenreit.com